

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS  
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Public Works	(2) MEETING DATE 10/6/2015	(3) CONTACT/PHONE Jeff Lee, Project Manager (805) 781-1043	
(4) SUBJECT Request to approve an "Emergency Water Supply Agreement" between the County of San Luis Obispo on behalf of County Service Area 23 and the Atascadero Mutual Water Company. District 5.			
(5) RECOMMENDED ACTION It is recommended that the Board approve and execute the "Emergency Water Supply Agreement" (Agreement) between the County of San Luis Obispo (County), acting on behalf of County Service Area (CSA) 23, and Atascadero Mutual Water Company (AMWC).			
(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT N/A	(8) ANNUAL FINANCIAL IMPACT N/A	(9) BUDGETED? N/A
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____ ) <input type="checkbox"/> Board Business (Time Est. ____ )			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input checked="" type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP Attached	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A    Date: 9/9/14(#24); 12/2/14(#18); 3/10/15(#1); 5/15/15(#16); 6/16/15(#43)	
(17) ADMINISTRATIVE OFFICE REVIEW David E. Grim			
(18) SUPERVISOR DISTRICT(S) District 5			

Reference:      15OCT06-C-6

# County of San Luis Obispo



TO: Board of Supervisors

FROM: Public Works

Jeff Lee, Project Manager

VIA: Mark Hutchinson, Deputy Director of Public Works

DATE: 10/6/2015

SUBJECT: Request to approve an "Emergency Water Supply Agreement" between the County of San Luis Obispo on behalf of County Service Area 23 and the Atascadero Mutual Water Company. District 5.

## **RECOMMENDATION**

It is recommended that the Board approve and execute the "Emergency Water Supply Agreement" (Agreement) between the County of San Luis Obispo (County), acting on behalf of County Service Area (CSA) 23, and Atascadero Mutual Water Company (AMWC).

## **DISCUSSION**

The community of Santa Margarita depends on groundwater as their only source of drinking water. Under normal rainfall circumstances, the groundwater supplies are sufficient to provide the community's existing water needs, but have historically been affected by drought. In response to Governor Brown's proclaimed State of Emergency as a result of the current multi-year drought, the CSA23/AMWC/Garden Farms Emergency Intertie Project (Intertie Project) is under construction. The Intertie Project will provide CSA 23 with a safe, recurrent, reliable water supply during an emergency.

The Intertie Project is constructing the infrastructure portion of a 2.5 mile, 8-inch pipeline along El Camino Real. Funding sources for the Intertie Project are a Proposition 84 Drought Grant through the State of California Department of Water Resources Integrated Regional Water Management (IRWM) program and United States Department of Agriculture Emergency Community Water Assistance Grant (ECWAG). Conditions of these funding sources include operation of the Intertie Project.

On April 14, 2015 the Board of Supervisors adopted an ordinance regulating the exportation of groundwater. As defined in the ordinance, water supplied by the Atascadero Mutual Water Company is defined as groundwater from the Paso Robles Groundwater Basin. Portions of CSA23 are located outside of the Paso Robles Groundwater Basin. Therefore, a groundwater exportation permit will need to be approved before the project can supply emergency water to Santa Margarita. The groundwater exportation permit will be initiated upon approval of the Emergency Water Supply Agreement. Groundwater exportation permits are considered and approved/ denied by the Public Works Director, however, the Director's decision is appealable to the Board of Supervisors.

This Agreement is a necessary step to furnish water from the AMWC to the community of Santa Margarita via the Intertie Project. The Agreement memorializes conditions under which water would be delivered, including an "Emergency Condition" declaration by both the San Luis Obispo County Board of Supervisors and the AMWC Board of Directors. Also, Section 15, Water Rates and Charges, of the Agreement specifies that the AMWC will consider the Intertie Project connection as a commercial account and subject to the AMWC rates in effect at the time of the Emergency Condition for water rates and charges. Based on current rates and an estimated maximum community water usage of 4,380,000 gallons per month, the monthly cost would be approximately \$29,000.

### **OTHER AGENCY INVOLVEMENT/IMPACT**

AMWC and County staff have been involved in the preparation, development and negotiations necessary to complete the Agreement.

On August 19, 2015, the AMWC Board of Directors approved the Agreement and authorized their General Manager to sign the Agreement.

The CSA 23 Advisory Group has been periodically updated on the project and agreement status.

County Counsel has reviewed and approved the Agreement as to legal form and effect.

### **FINANCIAL CONSIDERATIONS**

There is no cost associated with this agreement unless emergency water is actually delivered. In an emergency, the maximum cost to provide indoor water usage for the whole community is estimated to be \$29,000 per month. A financial evaluation would be needed based on actual needs and a Proposition 218 rate increase may be necessary to cover the cost of the emergency water. A likely scenario would be to request a General Fund loan to cover the cost and then implement an "Emergency Water Surcharge" through the Prop 218 rate increase process to pay the loan back over time with interest.

### **RESULTS**

Approval of the recommended actions will result in approval of an "Emergency Water Supply Agreement" which will improve the community's water reliability options, thereby contributing to a safe, healthy and livable community.

### **ATTACHMENTS**

1. Vicinity Map
2. Emergency Water Supply Agreement

File: 300463

Reference: 15OCT06-C-6

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